

Illinois- American Water Company  
Statement of Operating Income with Adjustments  
For the Test Year Ended December 31, 2003  
Southern/Peoria/Streator/Pontiac

Line No	Description (A)	Company Pro-Forma Present (C-2) (B)	Adjustments (Sch 2-SPSP) (C)	Pro Forma Present (Cols. B+C) (D)	Company Proposed Increase (C-1) (E)	Gross Revenue Conversion Factor (F)	Proposed Rates with Adjustments (Cols. D+E+F) (G)	Adjustments To Proposed Increase (H)	Pro Forma Proposed (Cols. G+H) (I)	Revenue Change (Col. I-D) (J)	% Revenue Change (3) (K)
1	Operating Revenue	\$ 77,778,637	\$ -	\$ 77,778,637	\$ 17,317,145	\$ 2	\$ 95,095,784	\$ (4,138,377)	\$ 90,957,407		
2											
3	Total Operating Revenue	77,778,637	-	77,778,637	17,317,145	2	95,095,784	(4,138,377)	90,957,407	\$ 13,178,770	16.94%
4											
5	Uncollectible Accounts	508,273	-	508,273	104,769	-	613,042	(25,037)	588,005		
6	Salaries and Wages	12,915,569	-	12,915,569	-	-	12,915,569		12,915,569		
7	Employee Benefits	5,438,206	-	5,438,206	-	-	5,438,206		5,438,206		
8	Operating Expenses	6,660,654	(372,068)	6,288,586	-	-	6,288,586		6,288,586		
9	Maintenance-Other	3,983,958	(1,045,297)	2,938,661	-	-	2,938,661		2,938,661		
10	Administrative & General Expenses	7,094,914	(24,852)	7,070,062	-	-	7,070,062		7,070,062		
11	Regulatory Expense	70,907	-	70,907	-	-	70,907		70,907		
12	Miscellaneous	8,170,827	(987,457)	7,183,370	-	-	7,183,370		7,183,370		
13	Depreciation & Amortization Expense	16,564,334	81,612	16,645,946	-	-	16,645,946		16,645,946		
14	Taxes Other Than Income Tax	5,400,542	-	5,400,542	-	-	5,400,542		5,400,542		
15											
16	Total Operating Expense										
17	Before Income Taxes	66,808,184	(2,348,062)	64,460,122	104,769	-	64,564,891	(25,037)	64,539,854		
18											
19	State Income Tax	301,098	(72,039)	229,059	683,159	2	912,220	(163,258)	748,962		
20	Federal Income Tax	1,001,431	938,326	1,939,757	5,785,226	-	7,724,983	(1,382,529)	6,342,454		
21	ITCs Net	(158,213)	-	(158,213)	-	-	(158,213)	-	(158,213)		
22	Total Operating Expenses	67,952,500	(1,481,775)	66,470,725	6,573,154	2	73,043,881	(1,570,824)	71,473,057		
23											
24	NET OPERATING INCOME	\$ 9,826,137	\$ 1,481,775	\$ 11,307,912	\$ 10,743,991	\$ -	\$ 22,051,903	\$ (2,567,553)	\$ 19,484,350		
25	Staff Rate Base								\$ 256,710,801	(1)	
26	Staff Overall Rate of Return								7.59%	(2)	

(1) Appendix B, Schedule 1-S&P, Column (D).

(2) Source: ICC Staff Ex. 8.0, Schedule 8.1

(3) Source: Column (J), Line 3, divided by Column (D), Line 3

**Illinois- American Water Company  
Adjustments to Operating Income  
For the Test Year Ended December 31, 2003  
Southern/Peoria/Streator/Pontiac**

Line No	Description (A)	Interest Synchron- ization (St. Ex. 11.0 Sch 11.5-SPSP) (B)	Non-Cost of Capital Savings Sharing (St. Ex. 12.0 Sch 12.3-SPSP) (C)	Cost of Capital Savings Sharing (St. Ex. 12.0 Sch 12.4-SPSP) (D)	Lobbying Expense (St. Ex. 12.0 Sch 12.5-SPSP) (E)	Tax Expense (St. Ex. 13.0 Sch 13.1-SPSP) (F)	Carpet Replacement (Co. Ex R-4.0 Page 34, line 14) (G)	Chemical Expense (St. Ex. 13.0 Sch 13.6-SPSP) (H)	Security Costs (Co. Ex. SR-4.0 Page 5, lines 7-8) (I)	Deferred Security Costs (Co. Ex. SR-4.0 Page 15, line 12) (J)
1	Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2										
3	Total Operating Revenue	-	-	-	-	-	-	-	-	-
4										
5	Uncollectible Accounts	-	-	-	-	-	-	-	-	-
6	Salaries & Wages	-	-	-	-	-	-	-	-	-
7	Employee Benefits	-	-	-	-	-	-	-	-	-
8	Operating Expenses	-	-	-	-	-	-	(372,068)	-	-
9	Maintenance-Other	-	-	-	-	-	(15,443)	-	-	-
10	Administrative & General Expenses	-	-	-	(7,697)	-	-	-	-	-
11	Regulatory Expense	-	-	-	-	-	-	-	-	-
12	Miscellaneous	-	(4,086)	(22,914)	(24,994)	-	-	-	(867,303)	-
13	Depreciation & Amortization	-	-	-	-	-	-	-	-	(229,845)
14	Taxes Other Than Income Tax	-	-	-	-	-	-	-	-	-
15										
16	Total Operating Expense	-	-	-	-	-	-	-	-	-
17	Before Income Taxes	-	(4,086)	(22,914)	(32,691)	-	(15,443)	(372,068)	(867,303)	(229,845)
18										
19	State Income Tax	10,303	162	909	1,298	(175,536)	613	14,767	34,423	9,123
20	Federal Income Tax	87,252	1,373	7,702	10,988	61,868	5,191	125,055	291,508	77,253
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-	-
22	Total Operating Expenses	97,555	(2,551)	(14,303)	(20,405)	(113,668)	(9,639)	(232,246)	(541,372)	(143,469)
23										
24	NET OPERATING INCOME	(\$97,555)	\$2,551	\$14,303	\$20,405	\$113,668	\$9,639	\$232,246	\$541,372	\$143,469

Illinois- American Water Company  
Adjustments to Operating Income  
For the Test Year Ended December 31, 2003  
Southern/Peoria/Streator/Pontiac

Line No	Description	New Depreciation Rates (St. Ex. 14.0 Sch 14.3-SPSP) (K)	Normalized Tank Painting Expense (St. Ex. 14.0 Sch 14.5-SPSP) (L)	Deferred Tank Painting (St. Ex. 14.0 Sch 14.6-SPSP) (M)	Rents (St. Ex. 15.0 Sch 15.6-SPSP) (N)	Charitable Contributions (St. Ex. 15.0 Sch 15.7-SPSP) (O)	Advertising (St. Ex. 15.0 Sch 15.9-SPSP) (P)	Social & Service Club Dues (St. Ex. 15.0 Sch 15.10-SPSP) (Q)	General Office Expense (St. Ex. 15.0 Sch 15.11-SPSP) (R)	Total Operating Statement Adjustments (S)
1	Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2										
3	Total Operating Revenue	-	-	-	-	-	-	-	-	-
4										
5	Uncollectible Accounts	-	-	-	-	-	-	-	-	-
6	Salaries & Wages	-	-	-	-	-	-	-	-	-
7	Employee Benefits	-	-	-	-	-	-	-	-	-
8	Operating Expenses	-	-	-	-	-	-	-	-	(372,068)
9	Maintenance-Other	-	(1,126,334)	96,480	-	-	-	-	-	(1,045,297)
10	Administrative & General Expenses	-	-	-	(34,138)	-	-	-	16,983	(24,852)
11	Regulatory Expense	-	-	-	-	-	-	-	-	-
12	Miscellaneous	-	-	-	-	(4,946)	(34,398)	(28,816)	-	(987,457)
13	Depreciation & Amortization	311,457	-	-	-	-	-	-	-	81,612
14	Taxes Other Than Income Tax	-	-	-	-	-	-	-	-	-
15										
16	Total Operating Expense									
17	Before Income Taxes	311,457	(1,126,334)	96,480	(34,138)	(4,946)	(34,398)	(28,816)	16,983	(2,348,062)
18										
19	State Income Tax	(12,362)	44,704	(3,829)	1,355	196	1,365	1,144	(674)	(72,039)
20	Federal Income Tax	(104,683)	378,571	(32,428)	11,474	1,663	11,562	9,685	(5,708)	938,326
21	Deferred Taxes and ITCs Net									-
22	Total Operating Expenses	194,412	(703,059)	60,223	(21,309)	(3,087)	(21,471)	(17,987)	10,601	(1,481,775)
23										
24	NET OPERATING INCOME	(\$194,412)	\$703,059	(\$60,223)	\$21,309	\$3,087	\$21,471	\$17,987	(\$10,601)	\$1,481,775

**Illinois- American Water Company**  
**Statement of Operating Income with Adjustments**  
**For the Test Year Ended December 31, 2003**  
**Pekin**

Line No	Description (A)	Company Pro-Forma Present (C-2) (B)	Adjustments (Sch 2-P) (C)	Pro Forma Present (Cols. B+C) (D)	Company Proposed Increase (C-1) (E)	Gross Revenue Conversion Factor (F)	Proposed Rates with Adjustments (Cols. D+E+F) (G)	Adjustments To Proposed Increase (H)	Pro Forma Proposed (Cols. G+H) (I)	Revenue Change (Col. I-D) (J)	% Revenue Change (3) (K)
1	Operating Revenue	\$ 4,937,538	\$ -	\$ 4,937,538	\$ 406,520	\$ 1	\$ 5,344,059	\$ (257,634)	\$ 5,086,425		
2											
3	Total Operating Revenue	4,937,538	-	4,937,538	406,520	1	5,344,059	(257,634)	5,086,425	\$ 148,887	3.02%
4											
5	Uncollectible Accounts	19,634	-	19,634	2,459	-	22,093	(1,559)	20,534		
6	Salaries and Wages	733,884	-	733,884	-	-	733,884		733,884		
7	Employee Benefits	385,975	-	385,975	-	-	385,975		385,975		
8	Operating Expenses	334,796	(5,407)	329,389	-	-	329,389		329,389		
9	Maintenance-Other	266,258	(107,826)	158,432	-	-	158,432		158,432		
10	Administrative & General Expenses	671,166	858	672,024	-	-	672,024		672,024		
11	Regulatory Expense	6,553	-	6,553	-	-	6,553		6,553		
12	Miscellaneous	444,497	(55,084)	389,413	-	-	389,413		389,413		
13	Depreciation & Amortization Expense	981,508	(83,204)	898,304	-	-	898,304		898,304		
14	Taxes Other Than Income Tax	252,671	-	252,671	-	-	252,671		252,671		
15											
16	Total Operating Expense										
17	Before Income Taxes	4,096,942	(250,663)	3,846,279	2,459	-	3,848,738	(1,559)	3,847,179		
18											
19	State Income Tax	20,923	8,364	29,287	16,037	-	45,324	(10,164)	35,160		
20	Federal Income Tax	119,034	128,979	248,013	135,808	-	383,821	(86,069)	297,752		
21	ITCs Net	(5,942)	-	(5,942)	-	-	(5,942)	-	(5,942)		
22	Total Operating Expenses	4,230,957	(113,320)	4,117,637	154,304	-	4,271,941	(97,792)	4,174,149		
23											
24	NET OPERATING INCOME	\$ 706,581	\$ 113,320	\$ 819,901	\$ 252,216	\$ 1	\$ 1,072,118	\$ (159,842)	\$ 912,276		
25	Staff Rate Base								\$ 12,019,439	(1)	
26	Staff Overall Rate of Return								7.59%	(2)	

(1) Appendix B, Schedule 1-S&P, Column (D).

(2) Source: ICC Staff Ex. 8.0, Schedule 8.1

(3) Source: Column (J), Line 3, divided by Column (D), Line 3

Illinois- American Water Company  
Adjustments to Operating Income  
For the Test Year Ended December 31, 2003  
Pekin

Line No	Description (A)	Interest Synchron- ization (St. Ex. 11.0 Sch 11.5-P) (B)	Non-Cost of Capital Savings Sharing (St. Ex. 12.0 Sch 12.3-P) (C)	Cost of Capital Savings Sharing (St. Ex. 12.0 Sch 12.4-P) (D)	Lobbying Expense (St. Ex 12.0 Sch 12.5-P) (E)	Tax Expense (St. Ex. 13.0 Sch 13.1-P) (F)	Carpet Replacement (Co. Ex R-4.0 Page 34, line 14) (G)	Chemical Expense (St. Ex. 13.0 Sch 13.6-P) (H)	Security Costs (Co. Ex. SR-4.0 Page 5, lines 7-8) (I)	Deferred Security Costs (Co. Ex. SR-4.0 Page 15, line 12) (J)	New Depreciation Rates (St. Ex. 14.0 Sch 14.3-P) (K)
1	Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2											
3	Total Operating Revenue	-	-	-	-	-	-	-	-	-	-
4											
5	Uncollectible Accounts	-	-	-	-	-	-	-	-	-	-
6	Salaries & Wages	-	-	-	-	-	-	-	-	-	-
7	Employee Benefits	-	-	-	-	-	-	-	-	-	-
8	Operating Expenses	-	-	-	-	-	-	(225)	-	-	-
9	Maintenance-Other	-	-	-	-	-	(1,427)	-	-	-	-
10	Administrative & General Expenses	-	-	-	(711)	-	-	-	-	-	-
11	Regulatory Expense	-	-	-	-	-	-	-	-	-	-
12	Miscellaneous	-	-	(1,067)	(2,310)	-	-	-	(40,608)	-	-
13	Depreciation & Amortization	-	-	-	-	-	-	-	-	(10,762)	(72,442)
14	Taxes Other Than Income Tax	-	-	-	-	-	-	-	-	-	-
15											
16	Total Operating Expense										
17	Before Income Taxes		-	(1,067)	(3,021)	-	(1,427)	(225)	(40,608)	(10,762)	(72,442)
18											
19	State Income Tax	417	-	42	120	(2,002)	57	9	1,612	427	2,875
20	Federal Income Tax	3,534	-	359	1,015	41,193	480	76	13,649	3,617	24,348
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-	-	-
22	Total Operating Expenses	3,951	-	(666)	(1,886)	39,191	(890)	(140)	(25,347)	(6,718)	(45,219)
23											
24	NET OPERATING INCOME	(\$3,951)	\$0	\$666	\$1,886	(\$39,191)	\$890	\$140	\$25,347	\$6,718	\$45,219

Illinois- American Water Company  
Adjustments to Operating Income  
For the Test Year Ended December 31, 2003  
Pekin

Line No	Description (A)	Normalized Tank Painting Expense (St. Ex. 14.0 Sch 14.5-P) (L)	Deferred Tank Painting (St. Ex. 14.0 Sch 14.6-P) (M)	Rents (St. Ex. 15.0 Sch 15.6-P) (N)	Charitable Contributions (St. Ex. 15.0 Sch 15.7-P) (O)	Advertising (St. Ex. 15.0 Sch 15.9-P) (P)	Social & Service Club Dues (St. Ex. 15.0 Sch 15.10-P) (Q)	General Office Expense (St. Ex. 15.0 Sch 15.11-P) (R)	Total Operating Statement Adjustments (S)
1	Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2									
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4									
5	Uncollectible Accounts	-	-	-	-	-	-	-	-
6	Salaries & Wages	-	-	-	-	-	-	-	-
7	Employee Benefits	-	-	-	-	-	-	-	-
8	Operating Expenses	-	-	(5,182)	-	-	-	-	(5,407)
9	Maintenance-Other	(107,066)	667	-	-	-	-	-	(107,826)
10	Administrative & General Expenses	-	-	-	-	-	-	1,569	858
11	Regulatory Expense	-	-	-	-	-	-	-	-
12	Miscellaneous	-	-	-	(457)	(9,536)	(1,106)	-	(55,084)
13	Depreciation & Amortization	-	-	-	-	-	-	-	(83,204)
14	Taxes Other Than Income Tax	-	-	-	-	-	-	-	-
15									
16	Total Operating Expense								
17	Before Income Taxes	(107,066)	667	(5,182)	(457)	(9,536)	(1,106)	1,569	(250,663)
18									
19	State Income Tax	4,249	(26)	206	18	378	44	(62)	8,364
20	Federal Income Tax	35,986	(224)	1,742	154	3,205	372	(527)	128,979
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
22	Total Operating Expenses	(66,831)	417	(3,234)	(285)	(5,953)	(690)	980	(113,320)
23									
24	NET OPERATING INCOME	\$66,831	(\$417)	\$3,234	\$285	\$5,953	\$690	(\$980)	\$113,320

Illinois- American Water Company  
Statement of Operating Income with Adjustments  
For the Test Year Ended December 31, 2003  
Lincoln

Line No	Description (A)	Company Pro-Forma Present (C-2) (B)	Adjustments (Sch 2-L) (C)	Pro Forma Present (Cols. B+C) (D)	Company Proposed Increase (C-1) (E)	Gross Revenue Conversion Factor (F)	Proposed Rates with Adjustments (Cols. D+E+F) (G)	Adjustments To Proposed Increase (H)	Pro Forma Proposed (Cols. G+H) (I)	Revenue Change (Col. I-D) (J)	% Revenue Change (3) (K)
1	Operating Revenue	\$ 2,871,118	\$ -	\$ 2,871,118	\$ 392,867	\$ -	\$ 3,263,985	\$ (100,315)	\$ 3,163,670		
2											
3	Total Operating Revenue	2,871,118	-	2,871,118	392,867	-	3,263,985	(100,315)	3,163,670	\$ 292,552	10.19%
4											
5	Uncollectible Accounts	18,929	-	18,929	2,377	-	21,306	(607)	20,699		
6	Salaries and Wages	496,319	-	496,319	-	-	496,319		496,319		
7	Employee Benefits	209,723	-	209,723	-	-	209,723		209,723		
8	Operating Expenses	165,402	(1,423)	163,979	-	-	163,979		163,979		
9	Maintenance-Other	222,041	(77,218)	144,823	-	-	144,823		144,823		
10	Administrative & General Expenses	297,220	367	297,587	-	-	297,587		297,587		
11	Regulatory Expense	2,806	-	2,806	-	-	2,806		2,806		
12	Miscellaneous	291,245	(30,107)	261,138	-	-	261,138		261,138		
13	Depreciation & Amortization Expense	705,682	(7,526)	698,156	-	-	698,156		698,156		
14	Taxes Other Than Income Tax	143,154	-	143,154	-	-	143,154		143,154		
15											
16	Total Operating Expense										
17	Before Income Taxes	2,552,521	(115,907)	2,436,614	2,377	-	2,438,991	(607)	2,438,384		
18											
19	State Income Tax	3,288	5,757	9,045	15,499	-	24,544	(3,957)	20,587		
20	Federal Income Tax	(1,704)	78,300	76,596	131,247	-	207,843	(33,513)	174,330		
21	ITCs Net	(3,020)	-	(3,020)	-	-	(3,020)	-	(3,020)		
22	Total Operating Expenses	2,551,085	(31,850)	2,519,235	149,123	-	2,668,358	(38,077)	2,630,281		
23											
24	NET OPERATING INCOME	\$ 320,033	\$ 31,850	\$ 351,883	\$ 243,744	\$ -	\$ 595,627	\$ (62,238)	\$ 533,389		
25	Staff Rate Base								\$ 7,027,520	(1)	
26	Staff Overall Rate of Return								7.59%	(2)	

(1) Appendix B, Schedule 1-S&P, Column (D).

(2) Source: ICC Staff Ex. 8.0, Schedule 8.1

(3) Source: Column (J), Line 3, divided by Column (D), Line 3

**Illinois- American Water Company**  
**Adjustments to Operating Income**  
**For the Test Year Ended December 31, 2003**  
**Lincoln**

Line No	Description (A)	Interest Synchron- ization (St. Ex. 11.0 Sch 11.5-L) (B)	Non-Cost of Capital Savings Sharing (St. Ex. 12.0 Sch 12.3-L) (C)	Cost of Capital Savings Sharing (St. Ex. 12.0 Sch 12.4-L) (D)	Lobbying Expense (St. Ex. 12.0 Sch 12.5-L) (E)	Tax Expense (St. Ex. 13.0 Sch 13.1-L) (F)	Carpet Replacement (Co. Ex R-4.0 Page 34, line 14) (G)	Chemical Expense (St. Ex. 13.0 Sch 13.6-L) (H)	Security Costs (Co. Ex. SR-4.0 Page 5, lines 7-8) (I)	Deferred Security Costs (Co. Ex. SR-4.0 Page 15, line 12) (J)
1	Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2										
3	Total Operating Revenue	-	-	-	-	-	-	-	-	-
4										
5	Uncollectible Accounts	-	-	-	-	-	-	-	-	-
6	Salaries & Wages	-	-	-	-	-	-	-	-	-
7	Employee Benefits	-	-	-	-	-	-	-	-	-
8	Operating Expenses	-	-	-	-	-	-	794	-	-
9	Maintenance-Other	-	-	-	-	-	(611)	-	-	-
10	Administrative & General Expenses	-	-	-	(305)	-	-	-	-	-
11	Regulatory Expense	-	-	-	-	-	-	-	-	-
12	Miscellaneous	-	-	(629)	(989)	-	-	-	(23,743)	-
13	Depreciation & Amortization	-	-	-	-	-	-	-	-	(6,292)
14	Taxes Other Than Income Tax	-	-	-	-	-	-	-	-	-
15										
16	Total Operating Expense	-	-	(629)	(1,294)	-	(611)	794	(23,743)	(6,292)
17	Before Income Taxes	-	-	(629)	(1,294)	-	(611)	794	(23,743)	(6,292)
18										
19	State Income Tax	292	-	25	51	865	24	(32)	942	250
20	Federal Income Tax	2,474	-	211	435	36,870	205	(267)	7,980	2,115
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-	-
22	Total Operating Expenses	2,766	-	(393)	(808)	37,735	(382)	495	(14,821)	(3,927)
23										
24	NET OPERATING INCOME	(\$2,766)	\$0	\$393	\$808	(\$37,735)	\$382	(\$495)	\$14,821	\$3,927



**Illinois- American Water Company**  
**Adjustments to Operating Income**  
**For the Test Year Ended December 31, 2003**  
**Lincoln**

Line No	Description (A)	New Depreciation Rates (St. Ex. 14.0 Sch 14.3-L) (K)	Normalized Tank Painting Expense (St. Ex. 14.0 Sch 14.5-L) (L)	Deferred Tank Painting (St. Ex. 14.0 Sch 14.6-L) (M)	Rents (St. Ex. 15.0 Sch 15.6-L) (N)	Charitable Contributions (St. Ex. 15.0 Sch 15.7-L) (O)	Advertising (St. Ex. 15.0 Sch 15.9-L) (P)	Social & Service Club Dues (St. Ex. 15.0 Sch 15.10-L) (Q)	General Office Expense (St. Ex. 15.0 Sch 15.11-L) (R)	Total Operating Statement Adjustments (S)
1	Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2										
3	Total Operating Revenue	-	-	-	-	-	-	-	-	-
4										
5	Uncollectible Accounts	-	-	-	-	-	-	-	-	-
6	Salaries & Wages	-	-	-	-	-	-	-	-	-
7	Employee Benefits	-	-	-	-	-	-	-	-	-
8	Operating Expenses	-	-	-	(2,217)	-	-	-	-	(1,423)
9	Maintenance-Other	-	(77,087)	480	-	-	-	-	-	(77,218)
10	Administrative & General Expenses	-	-	-	-	-	-	-	672	367
11	Regulatory Expense	-	-	-	-	-	-	-	-	-
12	Miscellaneous	-	-	-	-	(196)	(4,076)	(474)	-	(30,107)
13	Depreciation & Amortization	(1,234)	-	-	-	-	-	-	-	(7,526)
14	Taxes Other Than Income Tax	-	-	-	-	-	-	-	-	-
15										
16	Total Operating Expense									
17	Before Income Taxes	(1,234)	(77,087)	480	(2,217)	(196)	(4,076)	(474)	672	(115,907)
18										
19	State Income Tax	49	3,060	(19)	88	8	162	19	(27)	5,757
20	Federal Income Tax	415	25,909	(161)	745	66	1,370	159	(226)	78,300
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-	-
22	Total Operating Expenses	(770)	(48,118)	300	(1,384)	(122)	(2,544)	(296)	419	(31,850)
23										
24	NET OPERATING INCOME	\$770	\$48,118	(\$300)	\$1,384	\$122	\$2,544	\$296	(\$419)	\$31,850

Illinois- American Water Company  
Statement of Operating Income with Adjustments  
For the Test Year Ended December 31, 2003  
Champaign

Line No	Description (A)	Company Pro-Forma Present (C-2) (B)	Adjustments (Sch 2-C) (C)	Pro Forma Present (Cols. B+C) (D)	Company Proposed Increase (C-1) (E)	Gross Revenue Conversion Factor (F)	Proposed Rates with Adjustments (Cols. D+E+F) (G)	Adjustments To Proposed Increase (H)	Pro Forma Proposed (Cols. G+H) (I)	Revenue Change (Col. I-D) (J)	% Revenue Change (3) (K)
1	Operating Revenue	\$ 16,931,351	\$ -	\$ 16,931,351	\$ 3,389,017	\$ -	\$ 20,320,368	\$ (167,177)	\$ 20,153,191		
2											
3	Total Operating Revenue	16,931,351	-	16,931,351	3,389,017	-	20,320,368	(167,177)	20,153,191	\$ 3,221,840	19.03%
4											
5	Uncollectible Accounts	112,839	-	112,839	20,504	-	133,343	(1,011)	132,332		
6	Salaries and Wages	3,011,076	-	3,011,076	-	-	3,011,076		3,011,076		
7	Employee Benefits	1,071,119	-	1,071,119	-	-	1,071,119		1,071,119		
8	Operating Expenses	1,993,826	3,491	1,997,317	-	-	1,997,317		1,997,317		
9	Maintenance-Other	844,187	(213,486)	630,701	-	-	630,701		630,701		
10	Administrative & General Expenses	2,334,899	(9,676)	2,325,223	-	-	2,325,223		2,325,223		
11	Regulatory Expense	22,700	-	22,700	-	-	22,700		22,700		
12	Miscellaneous	1,666,766	(195,825)	1,470,941	-	-	1,470,941		1,470,941		
13	Depreciation & Amortization Expense	2,906,801	676,059	3,582,860	-	-	3,582,860		3,582,860		
14	Taxes Other Than Income Tax	992,357	-	992,357	-	-	992,357		992,357		
15											
16	Total Operating Expense										
17	Before Income Taxes	14,956,570	260,563	15,217,133	20,504	-	15,237,637	(1,011)	15,236,626		
18											
19	State Income Tax	58,475	(46,213)	12,262	133,696	-	145,958	(6,595)	139,363		
20	Federal Income Tax	192,909	(89,072)	103,837	1,132,186	-	1,236,023	(55,850)	1,180,173		
21	ITCs Net	(30,892)	-	(30,892)	-	-	(30,892)	-	(30,892)		
22	Total Operating Expenses	15,177,062	125,278	15,302,340	1,286,386	-	16,588,726	(63,456)	16,525,270		
23											
24	NET OPERATING INCOME	\$ 1,754,289	\$ (125,278)	\$ 1,629,011	\$ 2,102,631	\$ -	\$ 3,731,642	\$ (103,721)	\$ 3,627,921		
25	Staff Rate Base								\$ 47,798,700	(1)	
26	Staff Overall Rate of Return								7.59%	(2)	

(1) Appendix B, Schedule 1-S&P, Column (D).

(2) Source: ICC Staff Ex. 8.0, Schedule 8.1

(3) Source: Column (J), Line 3, divided by Column (D), Line 3

**Illinois- American Water Company  
Adjustments to Operating Income  
For the Test Year Ended December 31, 2003  
Champaign**

Line No	Description (A)	Interest Synchron- ization (St. Ex. 11.0 <u>Sch 11.5-C</u> ) (B)	Non-Cost of Capital Savings Sharing (St. Ex. 12.0 <u>Sch 12.3-C</u> ) (C)	Cost of Capital Savings Sharing (St. Ex. 12.0 <u>Sch 12.4-C</u> ) (D)	Lobbying Expense (St. Ex. 12.0 <u>Sch 12.5-C</u> ) (E)	Tax Expense (St. Ex. 13.0 <u>Sch 13.1-C</u> ) (F)	Carpet Replacement (Co. Ex R-4.0 <u>Page 34, line 14</u> ) (G)	Chemical Expense (St. Ex. 13.0 <u>Sch 13.6-C</u> ) (H)	Security Costs (Co. Ex. SR-4.0 <u>Page 5, lines 7-8</u> ) (I)	Deferred Security Costs (Co. Ex. SR-4.0 <u>Page 15, line 12</u> ) (J)
1	Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2										
3	Total Operating Revenue	-	-	-	-	-	-	-	-	-
4										
5	Uncollectible Accounts	-	-	-	-	-	-	-	-	-
6	Salaries & Wages	-	-	-	-	-	-	-	-	-
7	Employee Benefits	-	-	-	-	-	-	-	-	-
8	Operating Expenses	-	-	-	-	-	-	6,245	-	-
9	Maintenance-Other	-	-	-	-	-	(4,944)	-	-	-
10	Administrative & General Expenses	-	-	-	(7,697)	-	-	-	-	-
11	Regulatory Expense	-	-	-	-	-	-	-	-	-
12	Miscellaneous	-	(1,308)	(4,298)	(8,001)	-	-	-	(161,489)	-
13	Depreciation & Amortization	-	-	-	-	-	-	-	-	(42,796)
14	Taxes Other Than Income Tax	-	-	-	-	-	-	-	-	-
15										
16	Total Operating Expense	-	(1,308)	(4,298)	(15,698)	-	(4,944)	6,245	(161,489)	(42,796)
17	Before Income Taxes	-	(1,308)	(4,298)	(15,698)	-	(4,944)	6,245	(161,489)	(42,796)
18										
19	State Income Tax	2,323	52	171	623	(38,194)	196	(248)	6,409	1,699
20	Federal Income Tax	19,668	440	1,444	5,276	(21,164)	1,662	(2,099)	54,278	14,384
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-	-
22	Total Operating Expenses	<u>21,991</u>	<u>(816)</u>	<u>(2,683)</u>	<u>(9,799)</u>	<u>(59,358)</u>	<u>(3,086)</u>	<u>3,898</u>	<u>(100,802)</u>	<u>(26,713)</u>
23										
24	NET OPERATING INCOME	<u>(\$21,991)</u>	<u>\$816</u>	<u>\$2,683</u>	<u>\$9,799</u>	<u>\$59,358</u>	<u>\$3,086</u>	<u>(\$3,898)</u>	<u>\$100,802</u>	<u>\$26,713</u>

**Illinois- American Water Company  
Adjustments to Operating Income  
For the Test Year Ended December 31, 2003  
Champaign**

Line No	Description (A)	New Depreciation Rates (St. Ex. 14.0 Sch 14.3-C) (K)	Normalized Tank Painting Expense (St. Ex. 14.0 Sch 14.5-C) (L)	Deferred Tank Painting Expense (St. Ex. 14.0 Sch 14.6-C) (M)	Waste Disposal Contract (St. Ex. 15.0 Sch 15.5-C) (N)	Rents (St. Ex. 15.0 Sch 15.6-C) (O)	Charitable Contributions (St. Ex. 15.0 Sch 15.7-C) (P)	Social & Service Club Dues (St. Ex. 15.0 Sch 15.10-C) (Q)	General Office Expense (St. Ex. 15.0 Sch 15.11-C) (R)	Total Operating Statement Adjustments (S)
1	Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2										
3	Total Operating Revenue	-	-	-	-	-	-	-	-	-
4										
5	Uncollectible Accounts	-	-	-	-	-	-	-	-	-
6	Salaries & Wages	-	-	-	-	-	-	-	-	-
7	Employee Benefits	-	-	-	-	-	-	-	-	-
8	Operating Expenses	-	-	-	(2,754)	-	-	-	-	3,491
9	Maintenance-Other	-	(209,849)	1,307	-	-	-	-	-	(213,486)
10	Administrative & General Expenses	-	-	-	-	(7,416)	-	-	5,437	(9,676)
11	Regulatory Expense	-	-	-	-	-	-	-	-	-
12	Miscellaneous	-	-	-	-	-	(1,584)	(19,145)	-	(195,825)
13	Depreciation & Amortization	718,855	-	-	-	-	-	-	-	676,059
14	Taxes Other Than Income Tax	-	-	-	-	-	-	-	-	-
15										
16	Total Operating Expense									
17	Before Income Taxes	718,855	(209,849)	1,307	(2,754)	(7,416)	(1,584)	(19,145)	5,437	260,563
18										
19	State Income Tax	(28,531)	8,329	(52)	109	294	63	760	(216)	(46,213)
20	Federal Income Tax	(241,613)	70,532	(439)	926	2,493	532	6,435	(1,827)	(89,072)
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-	-
22	Total Operating Expenses	448,711	(130,988)	816	(1,719)	(4,629)	(989)	(11,950)	3,394	125,278
23										
24	NET OPERATING INCOME	(\$448,711)	\$130,988	(\$816)	\$1,719	\$4,629	\$989	\$11,950	(\$3,394)	(\$125,278)

Illinois- American Water Company  
Statement of Operating Income with Adjustments  
For the Test Year Ended December 31, 2003  
Sterling

Line No	Description (A)	Company Pro-Forma Present (C-2) (B)	Adjustments (Sch 2-S) (C)	Pro Forma Present (Cols. B+C) (D)	Company Proposed Increase (C-1) (E)	Gross Revenue Conversion Factor (F)	Proposed Rates with Adjustments (Cols. D+E+F) (G)	Adjustments To Proposed Increase (H)	Pro Forma Proposed (Cols. G+H) (I)	Revenue Change (Col. I-D) (J)	% Revenue Change (3) (K)
1	Operating Revenue	\$ 2,410,454	\$ -	\$ 2,410,454	\$ 1,232,885	\$ -	\$ 3,643,339	\$ (65,935)	\$ 3,577,404		
2											
3	Total Operating Revenue	2,410,454	-	2,410,454	1,232,885	-	3,643,339	(65,935)	3,577,404	\$ 1,166,950	48.41%
4											
5	Uncollectible Accounts	25,656	-	25,656	7,459	-	33,115	(399)	32,716		
6	Salaries and Wages	464,401	-	464,401	-	-	464,401		464,401		
7	Employee Benefits	179,655	-	179,655	-	-	179,655		179,655		
8	Operating Expenses	230,861	(1,228)	229,633	-	-	229,633		229,633		
9	Maintenance-Other	203,928	(19,830)	184,098	-	-	184,098		184,098		
10	Administrative & General Expenses	362,583	408	362,991	-	-	362,991		362,991		
11	Regulatory Expense	3,115	-	3,115	-	-	3,115		3,115		
12	Miscellaneous	328,132	(36,706)	291,426	-	-	291,426		291,426		
13	Depreciation & Amortization Expense	504,830	96,409	601,239	-	-	601,239		601,239		
14	Taxes Other Than Income Tax	200,643	-	200,643	-	-	200,643		200,643		
15											
16	Total Operating Expense										
17	Before Income Taxes	2,503,804	39,053	2,542,857	7,459	-	2,550,316	(399)	2,549,917		
18											
19	State Income Tax	(6,360)	(10,558)	(16,918)	48,637	-	31,719	(2,601)	29,118		
20	Federal Income Tax	(120,367)	(22,894)	(143,261)	411,876	-	268,615	(22,027)	246,588		
21	ITCs Net	(6,797)	-	(6,797)	-	-	(6,797)	-	(6,797)		
22	Total Operating Expenses	2,370,280	5,601	2,375,881	467,972	-	2,843,853	(25,027)	2,818,826		
23											
24	NET OPERATING INCOME	\$ 40,174	\$ (5,601)	\$ 34,573	\$ 764,913	\$ -	\$ 799,486	\$ (40,908)	\$ 758,578		
25	Staff Rate Base								\$ 9,994,444	(1)	
26	Staff Overall Rate of Return								7.59%	(2)	

(1) Appendix B, Schedule 1-S&P, Column (D).

(2) Source: ICC Staff Ex. 8.0, Schedule 8.1

(3) Source: Column (J), Line 3, divided by Column (D), Line 3

**Illinois- American Water Company  
Adjustments to Operating Income  
For the Test Year Ended December 31, 2003  
Sterling**

Line No	Description (A)	Interest Synchron- ization (St. Ex. 11.0 Sch 11.5-S) (B)	Non-Cost of Capital Savings Sharing (St. Ex. 12.0 Sch 12.3-S) (C)	Cost of Capital Savings Sharing (St. Ex. 12.0 Sch 12.4-S) (D)	Lobbying Expense (St. Ex 12.0 Sch 12.5-S) (E)	Tax Expense (St. Ex. 13.0 Sch 13.1-S) (F)	Carpet Replacement (Co. Ex R-4.0 Page 34, line 14) (G)	Chemical Expense (St. Ex. 13.0 Sch 13.6-S) (H)	Security Costs (Co. Ex. SR-4.0 Page 5, lines 7-8) (I)	Deferred Security Costs (Co. Ex. SR-4.0 Page 15, line 12) (J)
1	Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2										
3	Total Operating Revenue	-	-	-	-	-	-	-	-	-
4										
5	Uncollectible Accounts	-	-	-	-	-	-	-	-	-
6	Salaries & Wages	-	-	-	-	-	-	-	-	-
7	Employee Benefits	-	-	-	-	-	-	-	-	-
8	Operating Expenses	-	-	-	-	-	-	(210)	-	-
9	Maintenance-Other	-	-	-	-	-	(678)	-	-	-
10	Administrative & General Expenses	-	-	-	(338)	-	-	-	-	-
11	Regulatory Expense	-	-	-	-	-	-	-	-	-
12	Miscellaneous	-	-	(897)	(1,098)	-	-	-	(33,766)	-
13	Depreciation & Amortization	-	-	-	-	-	-	-	-	(8,948)
14	Taxes Other Than Income Tax	-	-	-	-	-	-	-	-	-
15										
16	Total Operating Expense	-	-	(897)	(1,436)	-	(678)	(210)	(33,766)	(8,948)
17	Before Income Taxes	-	-	(897)	(1,436)	-	(678)	(210)	(33,766)	(8,948)
18										
19	State Income Tax	465	-	36	57	(9,472)	27	8	1,340	355
20	Federal Income Tax	3,938	-	301	483	(13,707)	228	71	11,349	3,008
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-	-
22	Total Operating Expenses	4,403	-	(560)	(896)	(23,179)	(423)	(131)	(21,077)	(5,585)
23										
24	NET OPERATING INCOME	(\$4,403)	\$0	\$560	\$896	\$23,179	\$423	\$131	\$21,077	\$5,585

**Illinois- American Water Company**  
**Adjustments to Operating Income**  
**For the Test Year Ended December 31, 2003**  
**Sterling**

Line No	Description (A)	New Depreciation Rates (St. Ex. 14.0 Sch 14.3-S) (K)	Normalized Tank Painting Expense (St. Ex. 14.0 Sch 14.5-S) (L)	Deferred Tank Painting (St. Ex. 14.0 Sch 14.6-S) (M)	Rents (St. Ex. 15.0 Sch 15.6-S) (N)	Charitable Contributions (St. Ex. 15.0 Sch 15.7-S) (O)	Social & Service Club Dues (St. Ex. 15.0 Sch 15.10-S) (P)	General Office Expense (St. Ex. 15.0 Sch 15.11-S) (Q)	(Source) (R)	Total Operating Statement Adjustments (S)
1	Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2										
3	Total Operating Revenue	-	-	-	-	-	-	-	-	-
4										
5	Uncollectible Accounts	-	-	-	-	-	-	-	-	-
6	Salaries & Wages	-	-	-	-	-	-	-	-	-
7	Employee Benefits	-	-	-	-	-	-	-	-	-
8	Operating Expenses	-	-	-	(1,018)	-	-	-	-	(1,228)
9	Maintenance-Other	-	(19,272)	120	-	-	-	-	-	(19,830)
10	Administrative & General Expenses	-	-	-	-	-	-	746	-	408
11	Regulatory Expense	-	-	-	-	-	-	-	-	-
12	Miscellaneous	-	-	-	-	(217)	(728)	-	-	(36,706)
13	Depreciation & Amortization	105,357	-	-	-	-	-	-	-	96,409
14	Taxes Other Than Income Tax	-	-	-	-	-	-	-	-	-
15										
16	Total Operating Expense									
17	Before Income Taxes	105,357	(19,272)	120	(1,018)	(217)	(728)	746	-	39,053
18										
19	State Income Tax	(4,182)	765	(5)	40	9	29	(30)	-	(10,558)
20	Federal Income Tax	(35,411)	6,477	(40)	342	73	245	(251)	-	(22,894)
21	Deferred Taxes and ITCs Net									-
22	Total Operating Expenses	65,764	(12,030)	75	(636)	(135)	(454)	465	-	5,601
23										
24	NET OPERATING INCOME	(\$65,764)	\$12,030	(\$75)	\$636	\$135	\$454	(\$465)	\$0	(\$5,601)

Illinois- American Water Company  
Statement of Operating Income with Adjustments  
For the Test Year Ended December 31, 2003  
Chicago Metro - Water

Line No	Description (A)	Company Pro-Forma Present (C-2) (B)	Adjustments (Sch 2-CMW) (C)	Pro Forma Present (Cols. B+C) (D)	Company Proposed Increase (C-1) (E)	Gross Revenue Conversion Factor (F)	Proposed Rates with Adjustments (Cols. D+E+F) (G)	Adjustments To Proposed Increase (H)	Pro Forma Proposed (Cols. G+H) (I)	Revenue Change (Col. I-D) (J)	% Revenue Change (3) (K)
1	Operating Revenue	\$ 30,729,759	\$ (14,216,306)	\$ 16,513,453	\$ 10,458,540	\$ 2	\$ 26,971,995	\$ (1,680,552)	\$ 25,291,443		
2											
3	Total Operating Revenue	30,729,759	(14,216,306)	16,513,453	10,458,540	2	26,971,995	(1,680,552)	25,291,443	\$ 8,777,990	53.16%
4											
5	Uncollectible Accounts	147,229	-	147,229	63,274	-	210,503	(10,167)	200,336		
6	Salaries and Wages	2,666,642	-	2,666,642	-	-	2,666,642		2,666,642		
7	Employee Benefits	1,089,886	-	1,089,886	-	-	1,089,886		1,089,886		
8	Operating Expenses	14,934,156	(14,566,854)	367,302	-	-	367,302		367,302		
9	Maintenance-Other	1,681,339	(560,738)	1,120,601	-	-	1,120,601		1,120,601		
10	Administrative & General Expenses	2,331,623	(4,526)	2,327,097	-	-	2,327,097		2,327,097		
11	Regulatory Expense	23,126	-	23,126	-	-	23,126		23,126		
12	Miscellaneous	3,687,766	(246,393)	3,441,373	-	-	3,441,373		3,441,373		
13	Depreciation & Amortization Expense	5,068,931	(18,837)	5,050,094	-	-	5,050,094		5,050,094		
14	Taxes Other Than Income Tax	1,432,143	-	1,432,143	-	-	1,432,143		1,432,143		
15											
16	Total Operating Expense										
17	Before Income Taxes	33,062,841	(15,397,348)	17,665,493	63,274	-	17,728,767	(10,167)	17,718,600		
18											
19	State Income Tax	(150,415)	18,878	(131,537)	412,588	1	281,052	(66,298)	214,754		
20	Federal Income Tax	(1,686,197)	572,304	(1,113,893)	3,493,937	-	2,380,044	(561,430)	1,818,614		
21	ITCs Net	(42,143)	-	(42,143)	-	-	(42,143)		(42,143)		
22	Total Operating Expenses	31,184,086	(14,806,166)	16,377,920	3,969,799	1	20,347,720	(637,895)	19,709,825		
23											
24	NET OPERATING INCOME	\$ (454,327)	\$ 589,860	\$ 135,533	\$ 6,488,741	\$ 1	\$ 6,624,275	\$ (1,042,657)	\$ 5,581,618		
25	Staff Rate Base								\$ 73,539,105	(1)	
26	Staff Overall Rate of Return								7.59%	(2)	

(1) Appendix B, Schedule 1-S&P, Column (D).

(2) Source: ICC Staff Ex. 8.0, Schedule 8.1

(3) Source: Column (J), Line 3, divided by Column (D), Line 3



Illinois- American Water Company  
Adjustments to Operating Income  
For the Test Year Ended December 31, 2003  
Chicago Metro - Water

Line No	Description (A)	Interest Synchron- ization (St. Ex. 11.0 <u>Sch 11.5-CMW</u> ) (B)	Non-Cost of Capital Savings Sharing (St. Ex. 12.0 <u>Sch 12.3-CMW</u> ) (C)	Cost of Capital Savings Sharing (St. Ex. 12.0 <u>Sch 12.4-CMW</u> ) (D)	Lobbying Expense (St. Ex. 12.0 <u>Sch 12.5-CMW</u> ) (E)	Tax Expense (St. Ex. 13.0 <u>Sch 13.1-CMW</u> ) (F)	Carpet Replacement (Co. Ex R-4.0 <u>Page 34, line 14</u> ) (G)	Reallocate Power Expense (St. Ex. 13.0 <u>Sch 13.3-CMW</u> ) (H)	Reallocate Chemical Expense (St. Ex. 13.0 <u>Sch 13.4-CMW</u> ) (I)	Chemical Expense (St. Ex. 13.0 <u>Sch 13.6-CMW</u> ) (J)	Security Costs (Co. Ex. SR-4.0 <u>Page 5, lines 7-8</u> ) (K)
1	Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2											
3	Total Operating Revenue	-	-	-	-	-	-	-	-	-	-
4											
5	Uncollectible Accounts	-	-	-	-	-	-	-	-	-	-
6	Salaries & Wages	-	-	-	-	-	-	-	-	-	-
7	Employee Benefits	-	-	-	-	-	-	-	-	-	-
8	Operating Expenses	-	-	-	-	-	-	(360,144)	(18,496)	(2,090)	-
9	Maintenance-Other	-	-	-	-	-	(5,037)	-	-	-	-
10	Administrative & General Expenses	-	-	-	(2,510)	-	-	-	-	-	-
11	Regulatory Expense	-	-	-	-	-	-	-	-	-	-
12	Miscellaneous	-	(30,502)	46,231	(8,152)	-	-	-	-	-	(248,453)
13	Depreciation & Amortization	-	-	-	-	-	-	-	-	-	-
14	Taxes Other Than Income Tax	-	-	-	-	-	-	-	-	-	-
15											
16	Total Operating Expense										
17	Before Income Taxes	-	(30,502)	46,231	(10,662)	-	(5,037)	(360,144)	(18,496)	(2,090)	(248,453)
18											
19	State Income Tax	5,087	1,211	(1,835)	423	(33,084)	200	14,294	734	83	9,861
20	Federal Income Tax	43,077	10,252	(15,539)	3,584	132,268	1,693	121,048	6,217	702	83,507
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-	-	-
22	Total Operating Expenses	<u>48,164</u>	<u>(19,039)</u>	<u>28,857</u>	<u>(6,655)</u>	<u>99,184</u>	<u>(3,144)</u>	<u>(224,802)</u>	<u>(11,545)</u>	<u>(1,305)</u>	<u>(155,085)</u>
23											
24	NET OPERATING INCOME	<u>(\$48,164)</u>	<u>\$19,039</u>	<u>(\$28,857)</u>	<u>\$6,655</u>	<u>(\$99,184)</u>	<u>\$3,144</u>	<u>\$224,802</u>	<u>\$11,545</u>	<u>\$1,305</u>	<u>\$155,085</u>

**Illinois- American Water Company  
Adjustments to Operating Income  
For the Test Year Ended December 31, 2003  
Chicago Metro - Water**

Line No	Description (A)	Deferred Security Costs (Co. Ex. SR-4.0 Page 15, line 12) (L)	New Depreciation Rates (St. Ex. 14.0 Sch 14.3-CMW) (M)	Normalized Tank Painting Expense (St. Ex. 14.0 Sch 14.5-CMW) (N)	Deferred Tank Painting (St. Ex. 14.0 Sch 14.6-CMW) (O)	Purchased Water (St. Ex. 15.0 Sch 15.3-CMW) (P)	Rents (St. Ex. 15.0 Sch 15.6-CMW) (Q)	Charitable Contributions (St. Ex. 15.0 Sch 15.7-CMW) (R)	Social & Service Club Dues (St. Ex. 15.0 Sch 15.10-CMW) (S)	General Office Expense (St. Ex. 15.0 Sch 15.11-CMW) (T)	Total Operating Statement Adjustments (U)
1	Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ (14,216,306)	\$ -	\$ -	\$ -	\$ -	\$ (14,216,306)
2											
3	Total Operating Revenue	-	-	-	-	(14,216,306)	-	-	-	-	(14,216,306)
4											
5	Uncollectible Accounts	-	-	-	-	-	-	-	-	-	-
6	Salaries & Wages	-	-	-	-	-	-	-	-	-	-
7	Employee Benefits	-	-	-	-	-	-	-	-	-	-
8	Operating Expenses	-	-	-	-	(14,186,124)	-	-	-	-	(14,566,854)
9	Maintenance-Other	-	-	(601,710)	46,009	-	-	-	-	-	(560,738)
10	Administrative & General Expenses	-	-	-	-	-	(7,555)	-	-	5,539	(4,526)
11	Regulatory Expense	-	-	-	-	-	-	-	-	-	-
12	Miscellaneous	-	-	-	-	-	-	(1,613)	(3,904)	-	(246,393)
13	Depreciation & Amortization	(65,843)	47,006	-	-	-	-	-	-	-	(18,837)
14	Taxes Other Than Income Tax	-	-	-	-	-	-	-	-	-	-
15											
16	Total Operating Expense										
17	Before Income Taxes	(65,843)	47,006	(601,710)	46,009	(14,186,124)	(7,555)	(1,613)	(3,904)	5,539	(15,397,348)
18											
19	State Income Tax	2,613	(1,866)	23,882	(1,826)	(1,198)	300	64	155	(220)	18,878
20	Federal Income Tax	22,131	(15,799)	202,240	(15,464)	(10,144)	2,539	542	1,312	(1,862)	572,304
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-	-	-
22	Total Operating Expenses	(41,099)	29,341	(375,588)	28,719	(14,197,466)	(4,716)	(1,007)	(2,437)	3,457	(14,806,166)
23											
24	NET OPERATING INCOME	\$41,099	(\$29,341)	\$375,588	(\$28,719)	(\$18,840)	\$4,716	\$1,007	\$2,437	(\$3,457)	\$589,860

Illinois- American Water Company  
Statement of Operating Income with Adjustments  
For the Test Year Ended December 31, 2003  
Chicago Metro - Sewer

Line No	Description (A)	Company Pro-Forma Present (C-2) (B)	Adjustments (Sch 2-CMS) (C)	Pro Forma Present (Cols. B+C) (D)	Company Proposed Increase (C-1) (E)	Gross Revenue Conversion Factor (F)	Proposed Rates with Adjustments (Cols. D+E+F) (G)	Adjustments To Proposed Increase (H)	Pro Forma Proposed (Cols. G+H) (I)	Revenue Change (Col. I-D) (J)	% Revenue Change (3) (K)
1	Operating Revenue	\$ 9,623,640	\$ (800,857)	\$ 8,822,783	\$ 3,059,280	\$ -	\$ 11,882,063	\$ 84,395	\$ 11,966,458		
2											
3	Total Operating Revenue	9,623,640	(800,857)	8,822,783	3,059,280	-	11,882,063	84,395	11,966,458	\$ 3,143,675	35.63%
4											
5	Uncollectible Accounts	46,344	-	46,344	18,509	-	64,853	511	65,364		
6	Salaries and Wages	1,025,842	-	1,025,842	-	-	1,025,842		1,025,842		
7	Employee Benefits	314,796	-	314,796	-	-	314,796		314,796		
8	Operating Expenses	741,792	(367,333)	374,459	-	-	374,459		374,459		
9	Maintenance-Other	49,896	(3,859)	46,037	-	-	46,037		46,037		
10	Administrative & General Expenses	1,767,501	(4,054)	1,763,447	-	-	1,763,447		1,763,447		
11	Regulatory Expense	17,719	-	17,719	-	-	17,719		17,719		
12	Miscellaneous	1,457,817	1,571	1,459,388	-	-	1,459,388		1,459,388		
13	Depreciation & Amortization Expense	2,043,779	-	2,043,779	-	-	2,043,779		2,043,779		
14	Taxes Other Than Income Tax	832,412	-	832,412	-	-	832,412		832,412		
15											
16	Total Operating Expense										
17	Before Income Taxes	8,297,898	(373,675)	7,924,223	18,509	-	7,942,732	511	7,943,243		
18											
19	State Income Tax	38,948	(48,930)	(9,982)	120,688	-	110,706	3,329	114,035		
20	Federal Income Tax	78,704	(163,256)	(84,552)	1,022,029	-	937,477	28,194	965,671		
21	ITCs Net	(25,660)	-	(25,660)	-	-	(25,660)	-	(25,660)		
22	Total Operating Expenses	8,389,890	(585,861)	7,804,029	1,161,226	-	8,965,255	32,034	8,997,289		
23											
24	NET OPERATING INCOME	\$ 1,233,750	\$ (214,996)	\$ 1,018,754	\$ 1,898,054	\$ -	\$ 2,916,808	\$ 52,361	\$ 2,969,169		
25	Staff Rate Base								\$ 39,119,481	(1)	
26	Staff Overall Rate of Return								7.59%	(2)	

(1) Appendix B, Schedule 1-S&P, Column (D).

(2) Source: ICC Staff Ex. 8.0, Schedule 8.1

(3) Source: Column (J), Line 3, divided by Column (D), Line 3

Illinois- American Water Company  
Adjustments to Operating Income  
For the Test Year Ended December 31, 2003  
Chicago Metro - Sewer

Line No	Description (A)	Interest Synchron-ization (St. Ex. 11.0) Sch 11.5-CMS (B)	Non-Cost of Capital Savings Sharing (St. Ex. 12.0) Sch 12.3-CMS (C)	Cost of Capital Savings Sharing (St. Ex. 12.0) Sch 12.4-CMS (D)	Lobbying Expense (St. Ex. 12.0) Sch 12.5-CMS (E)	Tax Expense (St. Ex. 13.0) Sch 13.1-CMS (F)	Carpet Replacement (Co. Ex R-4.0) Page 34, line 14 (G)	Reallocate Power Expense (St. Ex. 13.0) Sch 13.3-CMS (H)	Reallocate Chemical Expense (St. Ex. 13.0) Sch 13.4-CMS (I)
1	Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2									
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4									
5	Uncollectible Accounts	-	-	-	-	-	-	-	-
6	Salaries & Wages	-	-	-	-	-	-	-	-
7	Employee Benefits	-	-	-	-	-	-	-	-
8	Operating Expenses	-	-	-	-	-	360,144	18,496	-
9	Maintenance-Other	-	-	-	-	-	(3,859)	-	-
10	Administrative & General Expenses	-	-	-	(2,510)	-	-	-	-
11	Regulatory Expense	-	-	-	-	-	-	-	-
12	Miscellaneous	-	(23,362)	35,406	(6,246)	-	-	-	-
13	Depreciation & Amortization	-	-	-	-	-	-	-	-
14	Taxes Other Than Income Tax	-	-	-	-	-	-	-	-
15									
16	Total Operating Expense								
17	Before Income Taxes	-	(23,362)	35,406	(8,756)	-	(3,859)	360,144	18,496
18									
19	State Income Tax	1,528	927	(1,405)	348	(33,505)	153	(14,294)	(734)
20	Federal Income Tax	12,936	7,852	(11,900)	2,943	(32,610)	1,297	(121,048)	(6,217)
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
22	Total Operating Expenses	14,464	(14,583)	22,101	(5,465)	(66,115)	(2,409)	224,802	11,545
23									
24	NET OPERATING INCOME	(\$14,464)	\$14,583	(\$22,101)	\$5,465	\$66,115	\$2,409	(\$224,802)	(\$11,545)

**Illinois- American Water Company  
Adjustments to Operating Income  
For the Test Year Ended December 31, 2003  
Chicago Metro - Sewer**

Line No	Description (A)	Chemical Expense (St. Ex. 13.0 <u>Sch 13.6-CMS</u> ) (J)	Waste Disposal Surcharge (St. Ex. 15.0 <u>Sch 15.4-CMS</u> ) (K)	Rents (St. Ex. 15.0 <u>Sch 15.6-CMS</u> ) (L)	Charitable Contributions (St. Ex. 15.0 <u>Sch 15.7-CMS</u> ) (M)	Social & Service Club Dues (St. Ex. 15.0 <u>Sch 15.10-CMS</u> ) (N)	General Office Expense (St. Ex. 15.0 <u>Sch 15.11-CMS</u> ) (O)	(Source) (P)	Total Operating Statement Adjustments (Q)
1	Other Operating Revenue	\$ -	\$ (800,857)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (800,857)
2									
3	Total Operating Revenue	-	(800,857)	-	-	-	-	-	(800,857)
4									
5	Uncollectible Accounts	-	-	-	-	-	-	-	-
6	Salaries & Wages	-	-	-	-	-	-	-	-
7	Employee Benefits	-	-	-	-	-	-	-	-
8	Operating Expenses	(4,181)	(741,792)	-	-	-	-	-	(367,333)
9	Maintenance-Other	-	-	-	-	-	-	-	(3,859)
10	Administrative & General Expenses	-	-	(5,788)	-	-	4,244	-	(4,054)
11	Regulatory Expense	-	-	-	-	-	-	-	-
12	Miscellaneous	-	-	-	(1,236)	(2,991)	-	-	1,571
13	Depreciation & Amortization	-	-	-	-	-	-	-	-
14	Taxes Other Than Income Tax	-	-	-	-	-	-	-	-
15									
16	Total Operating Expense								
17	Before Income Taxes	(4,181)	(741,792)	(5,788)	(1,236)	(2,991)	4,244	-	(373,675)
18									
19	State Income Tax	166	(2,344)	230	49	119	(168)	-	(48,930)
20	Federal Income Tax	1,405	(19,852)	1,945	415	1,005	(1,427)	-	(163,256)
21	Deferred Taxes and ITCs Net								
22	Total Operating Expenses	<u>(2,610)</u>	<u>(763,988)</u>	<u>(3,613)</u>	<u>(772)</u>	<u>(1,867)</u>	<u>2,649</u>	-	<u>(585,861)</u>
23									
24	NET OPERATING INCOME	<u>\$2,610</u>	<u>(\$36,869)</u>	<u>\$3,613</u>	<u>\$772</u>	<u>\$1,867</u>	<u>(\$2,649)</u>	<u>\$0</u>	<u>(\$214,996)</u>